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RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS VIENNA 002097

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DEPARTMENT FOR EUR/AGS AND INR/EU

E.O. 12958: N/A

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SUBJECT: AUSTRIAN NATIONAL ELECTIONS SET FOR OCTOBER 1

This message is sensitive but unclassified.

**¶1.** (SBU) On July 12, following weeks of speculation about the date of the national parliamentary elections this fall, all four floor leaders of the parties represented in parliament agreed on a motion calling for elections on October 1. On July 14, the four parties will adopt the motion in the last parliamentary plenary before the summer recess. During the next two weeks, the cabinet and parliamentary steering committee will set deadlines and modalities for the October 1 election.

Polls show Schuessel comfortably ahead

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**¶2.** (SBU) Several opinion polls taken over the past few months show Chancellor Schuessel's People's Party (OVP) clearly ahead (39-42 percent) of the rival Social Democrats (35-36 percent), with the Greens a distant third (11-13 percent). The Freedom Party/FPO comes in fourth (5-8 percent). The FPO spin-off BZO (currently in coalition with the OVP) and the anti-EU gadfly Hans-Peter Martin are both slightly below the threshold of four percent required to enter parliament.

**¶3.** (SBU) The OVP lead in opinion polls is partly a result of Chancellor Schuessel's incumbency bonus, recently burnished by his performance during Austria's EU Presidency. Despite some notable weaknesses in his cabinet team, Schuessel will also be able to bank on the popularity of key ministers, primarily Finance Minister Karl-Heinz Grasser, but also Foreign Minister Ursula Plassnik and Agriculture Minister Erwin Proell.

**¶4.** (SBU) Schuessel's current advantage is primarily due, however, to the crisis of the Social Democrats (SPO) in connection with the scandal in the BAWAG bank, which the SPO's trade union allies own. SPO Chairman Gusenbauer has been trying, with little success so far, to distance the party from the union's problems. Instead, he has antagonized SPO faction affiliated with the labor unions. In the long run, Gusenbauer's tack may help reform the SPO by freeing it of its trade union legacy. But it appears unlikely that the SPO will recover from the BAWAG fallout in time for the election.

**¶5.** (SBU) Polls predict up to 13 percent for the Greens (up from 9 percent in 2002) -- but the party has a track record of coming up short of expectations on Election Day. Under its grandfatherly leader, Alexander van der Bellen, the party appears more unified than in previous elections. However, with most of its leaders over 50, it may be hard to continue to attract younger voters.

Observers believe the Green leadership, despite its protestations to the contrary, is eager to join a coalition with Schuessel's OVP, but this risks reviving internal tensions between left-wingers and pragmatists.

¶6. (SBU) The Freedom Party appears set to win enough votes to secure parliamentary seats. However, party leader Heinz Christian Strache's strident anti-immigrant rhetoric has prompted other parties to preclude any coalition with the FPO. Joerg Haider's FPO spin-off, the Alliance Future Austria (BZO), with its new lead candidate Peter Westenthaler, may fail to reach the 4 percent necessary to enter parliament. Observers expect maverick Hans-Peter Martin (whose EU-critical agenda enjoys the full support of the country's all-important tabloid "Kronenzeitung") to run. He would likely siphon off protest votes from the SPO, BZO and FPO, but might also fall short of the goal of entering parliament.

McCaw